

**United States Environmental Protection Agency
Criminal Investigation Division
Investigative Activity Report**

Case Number

0506-0026

Case Title:

Ferguson Enterprises Inc.

Reporting Office:

Detroit, MI, Resident Office

Subject of Report:

Interview of [REDACTED] DWSD Principal Construction Inspector

Activity Date:

May 19, 2010

Reporting Official and Date:

[REDACTED], RAC

20-MAY-2010, Signed by: [REDACTED], RAC

Approving Official and Date:

[REDACTED], SAC

24-MAY-2010, Approved by: [REDACTED], ASAC

SYNOPSIS

05/19/2010 - U.S. EPA CID Special Agent (SA) [REDACTED] interviewed [REDACTED] Principal Construction Inspector, Detroit Water and Sewerage Department (DWSD) regarding the Baby Creek Combined Sewer Overflow (CSO) contract known as PC 748.

DETAILS

On May 19, 2010, U.S. EPA CID Special Agent (SA) [REDACTED] interviewed [REDACTED] Principal Construction Inspector, Detroit Water and Sewerage Department (DWSD) regarding the Baby Creek Combined Sewer Overflow (CSO) contract known as PC 748. Also present during this interview was [REDACTED], Deputy General Counsel, City of Detroit Law Department. After being informed of the identity of the interviewing agent and the purpose of the interview, [REDACTED] provided the following information:

[REDACTED] has been employed by the DWSD for the past 21 years and has held the title of Principal Construction Inspector for 14 years. It was in this capacity that [REDACTED] was involved in the Baby Creek CSO construction project. [REDACTED] also oversaw the rehabilitation of the Patton Park Recreation Center as a part of PC 748. As the Principal Construction Inspector [REDACTED] supervises on average a team of 12 field inspectors, discusses issues with the foreman of any subcontractors and if need be addresses problems with the project with the General Contractor (GC) or Construction Manager (CM). Any modifications to the project are coordinated with the GC.

[REDACTED] was the Walbridge Project Manager on the Baby Creek/Patton Park contract. [REDACTED] was the point of contact for Walbridge and [REDACTED] was the Ferguson representative on the Patton Park reconstruction project.

[REDACTED] attended biweekly progress meetings with [REDACTED] and others and these meetings were held in the Walbridge construction trailer. Walbridge Vice President [REDACTED] attended these meetings once in a while, and came to the site if there were points of contention which needed to be worked out.

SA [REDACTED] asked [REDACTED] if [REDACTED] recalled attending a meeting at the Walbridge construction trailer with [REDACTED] and [REDACTED] Workens where [REDACTED] explained that Walbridge was giving Ferguson enterprises a significant portion of work at the Patton Park reconstruction project and that they were doing this after being told by Mayor [REDACTED] to do so or otherwise the contract would be awarded to Walsh Construction. [REDACTED] replied that [REDACTED] did recall such a meeting and [REDACTED] making these statements. SA [REDACTED] asked [REDACTED] to review a handwritten memo which describes such a meeting. [REDACTED] reviewed the memo and stated that

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the memo is consistent with [REDACTED] recollection. [REDACTED] explained that [REDACTED] made these statements at least once to [REDACTED], while [REDACTED] frequently talked about how Walbridge was made to give [REDACTED] the Patton Park work. [REDACTED] characterized [REDACTED] as being frustrated over having to deal with [REDACTED] and Xcel, and the political implications of the situation. [REDACTED] commented that from [REDACTED] view Walbridge could have handled the Patton Park work themselves which left [REDACTED] with the implication that they did so for political reasons. In [REDACTED] career [REDACTED] has never seen another instance where a GC gives a large portion of the contract work to another contractor when they have the ability to do it themselves.

According to [REDACTED] DWSD Director [REDACTED], Deputy Director [REDACTED] and DWSD Engineer [REDACTED] never visited the Baby Creek CSO project however they all visited the Patton Park site during the construction work at least twice. This coupled with the fact that the DWSD management decided to add [REDACTED], [REDACTED], and [REDACTED] to the Patton Park project despite the fact that [REDACTED] had already assigned an inspector, [REDACTED] to the job highlighted the significance of [REDACTED] role. [REDACTED] told [REDACTED] that they desired the job to be expedited and set what [REDACTED] characterized as an impossible completion date. The push to finish the recreation center was all so [REDACTED] could hold a campaign related event at the site.

[REDACTED] never viewed Xcel as a formal member of the contract or team on the project. As far as [REDACTED] was concerned Xcel was just a sub contractor to Ferguson Enterprises. [REDACTED] thought that [REDACTED] was a qualified construction manager.

[REDACTED] was aware that FEI submitted a change order for the handling of spoils at the Baby Creek CSO site in the Summer of 2007 or early 2008 and that [REDACTED] of the DWSD and [REDACTED] told FEI that the order was being denied. The submission of the change order was after [REDACTED] and [REDACTED] were no longer working on the contract. [REDACTED] assigned an inspector to collect all load tickets and manifests for soils which were hauled off site. This inspector varied over time. The Summer of 2007 was likely the last time soils were transported from the site. FEI left the job site without finishing some of their contracted work and [REDACTED] had to have WPM complete the remaining work. All progress payments for both Baby Creek and Patton Park were processed by DWSD employee [REDACTED], whom is now deceased.

ATTACHMENT

[REDACTED] Memo